

Message Text

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ACTION ARA-14

INFO OCT-01 EUR-12 EA-10 ISO-00 AGRE-00 CEA-01 CIAE-00

COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05

SS-15 STR-07 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02

OMB-01 DOE-11 GSA-02 IO-13 SIL-01 XMB-02 OPIC-03

/149 W

-----119307 151452Z /45

P R 151350Z MAR 78

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 9885

INFO AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY LONDON

AMEMBASSY BANGKOK

AMEMBASSY CANBERRA

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E.O. 11652: N/A

TAGS: EMIN, BL

SUBJECT: BOLIVIAN REACTION TO ANNOUNCEMENT OF ADMINISTRATION
SUPPORT FOR GSA TIN DISPOSAL LEGISLATION

BEGIN UNCLASSIFIED:

1. SUMMARY: BOLIVIAN REACTION TO THE SUBJECT ANNOUNCEMENT WAS
TRADITIONALLY STRONG, EMOTIONAL AND NEGATIVE IN SPITE OF EMBASSY
EFFORTS TO PUT IT IN ITS BEST LIGHT. END SUMMARY.

2. ON THE AFTERNOON OF MARCH 9 THE EMBASSY RELEASED THROUGH
USIS A NEWS RELEASE IT HAD PREPARED BASED ON REFTEL. RRA WAS
PRESENT TO ANSWER QUESTIONS PASSED BY BOLIVIAN MEDIA REPRESENTA-
TIVES. PRESS, RADIO AND TELEVISION GAVE EXTENSIVE TREATMENT TO THE
ANNOUNCEMENT ESPECIALLY ON FRIDAY BUT ALSO ON SATURDAY, SUNDAY
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AND MONDAY. MOST PRESS ARTICLES WERE HEADLINED BY DECLARATIONS
SUCH AS "U.S. ANNOUNCEMENT IS ECONOMIC AGGRESSION". PRESS
ARTICLES ON FRIDAY AT LEAST CARRIED THE FULL FACTUAL STATEMENT
PREPARED BY THE EMBASSY. BY SATURDAY HOWEVER THE PRESS ARTICLES
WERE QUOTING SPONTANEOUS REACTIONS BY REPRESENTATIVES OF THE
MEDIUM MINERS, SMALL MINERS, MINING UNIONS AND POLITICIANS.
THE MEDIUM MINERS SPOKESMAN FOR EXAMPLE SAID THE SUBJECT

ANNOUNCEMENT WAS VIOLENT ECONOMIC AGGRESSION AGAINST PRODUCERS AND ESPECIALLY BOLIVIA. HE SAID "THE U.S. EXERCISES GREAT PRESSURE IN THE ITC TO AVOID REVISING THE PRICE SCALE. IT IS CLEAR THE U.S. MOTIVE NOW IS TO LOWER THE MARKET PRICE TO THESE LIMITS" (I.E. PRESENT) ITC PRICE RANGE). EDITORIALS FOR THE MOST PART DWELT ON THE PERCEIVED CONFLICT BETWEEN THE SUBJECT ANNOUNCEMENT AND THE CARTER ADMINISTRATION HUMAN RIGHTS POLICIES.

3. BY COINCIDENCE THE MINISTRY OF MINES AND THE COMPANIES AND INSTITUTIONS OF THE PUBLIC SECTOR WERE HOLDING A MEETING IN SORATA TO DISCUSS THE BUDGET AND ACTIVITIES FOR THE COMING YEAR. THE SUBJECT ANNOUNCEMENT WAS ANALYZED BY THE MEMBERS OF THE MINING SECTOR AT THIS MEETING AND A FIVE POINT DECLARATION WAS ISSUED. IN SUMMARY IT SAID: 1) BOLIVIA HAS ALWAYS DENOUNCED THE SALE OF GSA TIN, TIN ACQUIRED AT COOPERATIVE PRICES AS AN ALLY IN THE DEFENSE OF DEMOCRACY DURING WORLD WAR II, AS ECONOMIC AGGRESSION AGAINST PRODUCER COUNTRIES ESPECIALLY BOLIVIA. 2) THIS ACTION CONFIRMS U.S. POLICY THROUGH ITC AND OTHER BODIES OF MAINTAINING COMMERCIAL FINANCIAL RELATIONS BASED ON DEPENDENCE AND INJUSTICE. ALSO THIS POLICY ALLOWS US TO UNDERSTAND WHY THE U.S. OPPOSED INCREASES IN THE ITC BUFFER STOCK PRICE RANGES. 3) THE SALE OF TIN TO BUY COPPER CREATES AN ARTIFICIAL CONFLICT BETWEEN DEVELOPING COUNTRY PRODUCERS OF RAW MATERIALS. 4) THE UNFAVORABLE LIMITED OFFICIAL USE

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EFFECTS FOR THE BOLIVIAN ECONOMY COME AT A PARTICULARLY BAD TIME BECAUSE THE ECONOMY, PRINCIPALLY THE BALANCE OF PAYMENTS AND THE BUDGET, ARE FOR DIVERSE EXTERNAL AND INTERNAL REASONS THIS YEAR MORE DEPENDENT ON TIN EXPORTS. A FALL IN THE TIN PRICES IMPLIES LESS EMPLOYMENT, RESTRICTION OF CAPITAL AND CONSUMER IMPORTS WITH RESULTING NEGATIVE EFFECTS ON THE GENERAL WELFARE. THIS MEASURE (GSA SALES) IS EXTREMELY CRITICAL FOR THE MINING INDUSTRY BECAUSE IT COMES AT A TIME WHEN ANTIMONY, ZINC, COPPER AND BISMUTH EXPORTS ARE SUFFERING FROM DEPRESSED PRICES. 5) BASED ON THE ABOVE THE INSTITUTIONS AND COMPANIES OF THE STATE MINING SECTOR DENOUNCE BEFORE NATIONAL AND WORLD OPINION THIS ECONOMIC AGGRESSION AND THE DAMAGE IT WILL CAUSE TO THE MINING SECTOR.

4. THE UNION NACIONALISTA DEL PUEBLO A COALITION FORMED TO SUPPORT THE OFFICIAL CANDIDACY OF GEN. JUAN PEREDA CALLED FOR A STREET DEMONSTRATION TO PROTEST THE U.S. TIN SALES POLICY. IT ALSO ISSUED A FIVE POINT DECLARATION DENOUNCING THE SALES POLICY AS INCONSISTENT WITH THE U.S. HUMAN RIGHTS POLICY AND CALLS ON THE GOB TO FORMULATE A JOINT POLICY WITH OTHER PRODUCERS TO PREVENT THE SALE OF TIN BY THE GSA.

5. ON MONDAY AFTERNOON MARCH 13 AMBASSADOR BOEKER HELD A PRESS CONFERENCE TO EXPLAIN U.S. POLICY AND THE UDALL-DECONCINI BILL. TUESDAY MORNING U.S. TIN POLICY WAS AGAIN IN THE HEADLINES BUT WITH A LESS EMOTIONAL AND MORE BALANCED TREATMENT. MORE EMPHASIS WAS PUT ON THE CONSULTATION PROCESS, THE NEED TO MEET THE WORLD TIN SHORTAGE, AND THE ROLE PRESIDENT BANZER'S LETTER TO PRESIDENT CARTER HAD IN RAISING USG CONCERN THAT GSA TIN SALES NOT EFFECT THE BOLIVIAN ECONOMY NEGATIVELY. THE ONLY OTHER ARTICLES ON THIS SUBJECT REPORTED A DENUNCIATION OF U.S. POLICY BY THE CONFEDERATION OF PRIVATE BUSINESSMEN AND DECLARATION BY RECENTLY RETURNED, EXTREME LEFTIST MINING LEADER JUAN LECHIN OQUENDO THAT THE SALARIES OF MINE WORKERS MIGHT BE LOWERED TO THE U.S. ACTION. END UNCLASSIFIED.
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6. COMMENT: BEGIN LIMITED OFFICIAL USE: IN SPITE OF EMBASSY EFFORTS THE U.S. CLEARLY HAS TAKEN A SEVERE BEATING IN THE PRESS, BEST CHARACTERIZED PERHAPS BY SEVERAL CARTOONS SHOWING A GIANT, LEERING UNCLE SAM DROPPING A LARGE ROCK MARKED "SALE OF 45,000 LT OF TIN" ON TOP OF A SMALL PONCHO WEARING INDIAN REPRESENTING BOLIVIA. IT REMAINS TO BE SEEN IF THE OUTPOURING OF EMOTION IN THE MASS MEDIA WILL RESULT IN A HARDENING OF THE GOB POSITION AT THE APRIL ITC MEETING REGARDING GSA TIN SALES AND THROUGH INFLEXIBILITY PREVENT WHAT COULD HAVE BEEN A CHANGE FOR A COMMONLY ACCEPTED COMPROMISE ON U.S. TIN SALES POLICY I.E. A QUANTITY AND RHYTHM OF SALES MINIMIZING IMPACT ON PRICE AND THUS ACCEPTABLE TO ALL PARTIES.

SO FAR THIS DOES NOT SEEM TO HAVE HAPPENED. BOLIVIA IS SUPERSENSITIVE TO GSA SALES AND A FALL IN THE TIN PRICE BECAUSE IT IS BOTH THE HIGHEST COST PRODUCER AND MORE DEPENDENT ON TIN EXPORTS THAN OTHER PRODUCERS SUCH AS MALAYSIA. (FOR EXAMPLE A FALL IN THE PRICE OF TIN BY ONE U.S. CENT MEANS OF LOSS TO THE BOLIVIAN ECONOMY OF ABOUT \$679,000.) THIS SITUATION IS AGGRAVATED IN EARLY 1978 BY THE POLITICAL AND ECONOMIC DELICACY CAUSED BY THE ELECTORAL PROCESS IN BOLIVIA'S RETURN TO DEMOCRACY. END LIMITED OFFICIAL USE.
BOEKER

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